

director (compliance) will require samples of the recovered product to be taken from time to time to determine if the product requires redénaturation.

(b) If the denatured alcohol or specially denatured rum is not recovered in its original denatured state, or practically so, it shall be redénaturation at the premises of the manufacturer or a denaturer before being used. The regional director (compliance) may require supervision of the redénaturation of the recovered spirits by an ATF officer.

§ 20.214 Shipment for restoration or redénaturation.

Recovered denatured alcohol, recovered specially denatured rum, or recovered articles requiring restoration or redénaturation (or both, unless the restoration or redénaturation is to be done on the manufacturer's premises) shall be shipped to a distilled spirits plant or to a permittee. Packages shall be numbered with a package identification number or serial number in accordance with § 20.179 (b) or (c). Packages shall be labeled with the name, address, and permit number of the manufacturer, the quantity (in gallons) of spirits contained in the package, and the applicable words "Recovered denatured alcohol formula No. ____" or "Recovered specially denatured rum formula No. ____." If the restoration or redénaturation is performed by a user or dealer permittee (not a distilled spirits plant), the permittee shall return the same materials to the same manufacturer and shall not intermingle them with materials received from other sources.

§ 20.215 Shipment of articles and spirits residues for redistillation.

(a) The proprietor of a distilled spirits plant authorized to produce distilled spirits may receive for redistillation (1) articles manufactured under this part which contain denatured spirits, and (2) spirits residues of manufacturing processes related to the manufacture of these articles.

(b) Any person shipping these articles or spirits residues to a distilled spirits plant for redistillation shall—

(1) Identify each package or articles or spirits residues as to contents, and

(2) Mark and serially number each package as provided in § 20.214.

§ 20.216 Record of shipment.

A consignor shipping recovered denatured alcohol, recovered specially denatured rum, or recovered articles to a distilled spirits plant or a permittee shall prepare and forward a record of shipment to the consignee, in accordance with § 20.171.

(Approved by the Office of Management and Budget under control number 1512–0337)

Subpart L—Destruction

§ 20.221 General.

A permittee may terminate liability for payment of tax, prescribed by law, when specially denatured spirits or recovered alcohol are destroyed in accordance with this subpart.

§ 20.222 Destruction.

(a) A permittee who destroys specially denatured spirits or recovered alcohol shall prepare a record which identifies—

- (1) The reason for destruction,
- (2) The date, time, location and manner of destruction,
- (3) The quantity involved and, if applicable, identification of containers, and
- (4) The name of the individual who accomplished or supervised the destruction.

(b) This record of destruction shall be maintained with the records required by subpart P of this part.

(Approved by the Office of Management and Budget under control number 1512–0337)

Subpart M—Return, Reconsignment and Disposition of Specially Denatured Spirits

§ 20.231 Return.

A permittee may, following the receipt of specially denatured spirits and for any legitimate reason, return the specially denatured spirits to any distilled spirits plant or dealer if the consignee consents to the shipment. The

consignor shall prepare a record of shipment in accordance with § 20.171.

(Approved by the Office of Management and Budget under control number 1512-0337)

§ 20.232 Reconsignment in transit.

(a) *Reconsignment.* Specially denatured spirits may be reconsigned to another permittee or returned to the consignor if, prior to or on arrival at the premises of the consignee, the alcohol is determined to be unsuitable for the intended purpose, was shipped in error, or, for any bona fide reason, is not accepted by the consignee or carrier.

(b) *Bond coverage.* In the case of reconsignment, the bond, if required, of the permittee to whom the specially denatured spirits were reconsigned will cover the specially denatured spirits while in transit. In the case of the return of a shipment, the bond, if required, of the consignor will cover the specially denatured spirits while in transit.

(c) *Records of reconsignment.* In the case of reconsignment, the consignor shall cancel the initial record of shipment and prepare a new record of shipment, if the shipment is to another permittee. The new record of shipment will be annotated "Reconsignment."

(Approved by the Office of Management and Budget under control number 1512-0337)

§ 20.233 Disposition after revocation of permit.

When any permit issued on Form 5150.9 is revoked, all specially denatured spirits in transit and all specially denatured spirits on the former permit premises, may be lawfully possessed by the former permittee for the exclusive purpose of disposing of the specially denatured spirits, for a period of 60 days following the date of revocation. Any specially denatured spirits or recovered alcohol not disposed of within the specific 60-day period, is subject to seizure and forfeiture.

§ 20.234 Disposition on permanent discontinuance of use.

(a) *Specially denatured spirits.* Specially denatured spirits on hand at the time of discontinuance of use, may be disposed of by (1) returning the specially denatured spirits to a distilled

spirits plant or dealer, as provided in § 20.231, (2) destruction, as provided in § 20.222, or (3) shipped to another user, as provided in § 20.235.

(b) *Recovered denatured alcohol, recovered specially denatured rum, or recovered articles.* Upon permanent discontinuance of use, a permittee may dispose of recovered denatured alcohol, recovered specially denatured rum, or recovered articles by (1) shipment to a distilled spirits plant, as provided in § 20.215 for articles and spirits residues, (2) destruction, as provided in § 20.222, or (3) upon the filing of an application with the regional director (compliance), any other approved method.

(Approved by the Office of Management and Budget under control number 1512-0336)

§ 20.235 Disposition to another user.

(a) A user may dispose of specially denatured spirits to another permittee or Government agency.

(b) The user shall prepare a record of shipment in accordance with § 20.171. The packages to be shipped shall bear the name and permit number of the user and the marks and labels required under § 20.178. The user's copy of the record of shipment shall include an explanation of the reason for the disposition.

(c) The regional director (compliance) may require a user to apply for and obtain a dealer's permit, if shipments under this section are excessive.

(Approved by the Office of Management and Budget under control number 1512-0337)

[T.D ATF-199, 50 FR 9162, Mar. 6, 1985, as amended by ATF-332, 57 FR 40849, Sept. 8, 1992]

Subpart N—Use of Specially Denatured Spirits by the United States or Government Agency

§ 20.241 General.

The United States or any of its Government agencies may withdraw specially denatured spirits from a distilled spirits plant or dealer under this part, as authorized by 26 U.S.C. 5214(a)(2) and 5271. Before any specially denatured spirits may be withdrawn, a permit to procure the spirits shall be obtained